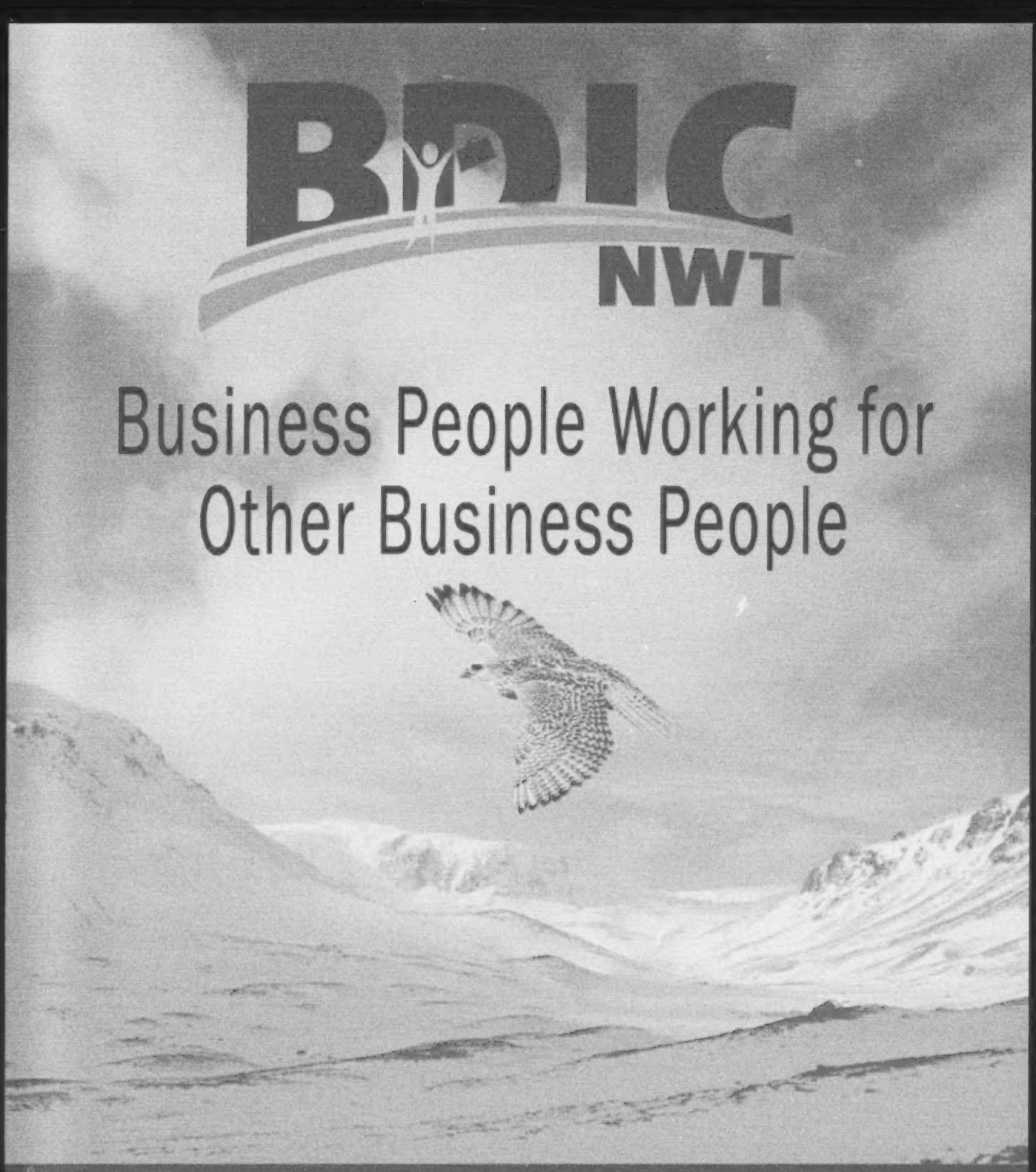
BDIC NWT

Business People Working for Other Business People



Corporate Plan 2008/2009

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corportation

BDIC Corporate Plan 2008/2009

Northwest Territories Business Development and Investment Corportation

NWT Business Development and Investment Corporation

701, 5201-50th Ave.
Yellowknife, NT X1A 3S9
Telephone: (867) 920-6455
Fax: (867) 765-0652
Email: bdicinfo@gov.nt.ca
Web: www.bdic.ca

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BDIC NWT

Our Vision

The BDIC is a recognized leader in the NWT's regional economic development and the growth of a dynamic small and mid-sized business sector.

Our Mission

We are business people working for other business people - providing across all NWT communities one-stop access to business financing, business support services and business development assistance.

We proactively bring stakeholders together to enhance business capacity, sustain self sufficiency and increase community prosperity.

Northwest Territories Business Development and Investment Corportation

Introduction

The Northwest Territories Business Development and Investment Corporation (BDIC) was established on April 1, 2005 and is now entering its fourth year of operations. The BDIC Act mandates the BDIC to:

> *... support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories by*
>
> *a. encouraging the creation and development of business enterprises;*
>
> *b. providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;*
>
> *c. directly investing in business enterprises; and*
>
> *d. providing information to business enterprises and members of the public respecting*
>
> *i. the establishment and operation of businesses, and*
>
> *ii. other business matters.*

The establishment of the BDIC streamlines and improves the coordination of the GNWT's business assistance programs, allowing for more flexibility in the delivery of programs and a broader range of services, including business information services.

The 16th Legislative Assembly has established goals and priorities that will guide its decisions and support its vision of ***strong individuals, families and communities sharing the benefits and responsibilities of a unified, environmentally sustainable and prosperous Northwest Territories***. The BDIC's mandate is to support the achievement of the Assembly's economic objectives, expressed through the goal of ***a diversified economy that provides all communities and regions with opportunities and choices*** and the following priorities:

- ***Promote development that reduces regional and community disparities.***
- ***Work with regional business corporations and other partners to identify new economic opportunities.***
- ***Support the development of sustainable local economies through small businesses and community-based sectors such as tourism, agriculture, arts and crafts, and the traditional economy.***
- ***Build community human resource capacity with an emphasis on trades and entrepreneurial skills.***

In support of the Assembly's goals and priorites, in 2008/2009 the BDIC will work towards:

- Enhancing programming to meet clients' needs.
- Increasing stakeholders' awareness of the BDIC's programs.
- Ensuring that the BDIC's programs have a direct impact at the community level.

Our Programs

The BDIC Act enables the BDIC to be flexible in developing and delivering business programs to meet its mandate and fulfill its vision and mission. The BDIC's programs and services are available to any new or existing business in the Northwest Territories.

The BDIC currently offers a variety of financial programs and business services to its clients.

Credit Facilities and Venture Investments

Through the Credit Facilities program, the BDIC lends to northern businesses where conventional lending institutions are not prepared to participate, and to businesses in communities where commercial banks are not operating. The terms can be flexible to meet the needs of individual clients. The BDIC also provides Standby Letters of Credit for contract security and to support businesses in obtaining credit from their suppliers. In 2007/2008, the BDIC's Credit Facilities program portfolio was approximately $41 million.

The BDIC's Venture Investment program is a vehicle for providing long-term patient capital to enhance clients' ongoing stake in a business or project. The BDIC invests in return for preferred shares. The client buys back the preferred shares from the BDIC over time and may also pay dividends to the BDIC. In 2007/2008, the BDIC's Venture Investment program portfolio was approximately $1.9 million.

The maximum amount of funding the BDIC can provide to a business or group of related businesses under the Credit Facilities and Venture Investment programs is $2 million. In addition, the amount of venture investment funding available is tied to the number of jobs to be created and maintained by the business.

Contributions

The BDIC offers contributions for start-up and expansion projects including feasibility assessments, development of new products, preparation of marketing and business plans and pilot projects. Contributions are small amounts of funding which the client need not repay. The lifetime maximum contribution funding available is $10,000 per client. In 2007/2008, the BDIC approved $34,000 in contribution funding.

Subsidiary Companies

The BDIC owns subsidiary companies and provides them with operating funds or capital funds for new facilities or equipment. This funding is provided so the subsidiary can create and maintain employment within the community. Where necessary, the BDIC also provides a range of support services to its subsidiaries including accounting, marketing, and general operational support. Several of the BDIC's subsidiaries promote traditional fine arts and crafts activities and the use of traditional materials, which promotes the local economy.

In 2007/2008, the BDIC had six operating subsidiaries, which maintained the equivalent of 20 full-time positions in Gamètì, Fort Liard, Fort McPherson, Fort Providence, Nahanni Butte and Yellowknife. A new subsidiary based in Ulukhaktok was approved and incorporated. The BDIC's Subsidiary program investment has been approximately $4.2 million.

Business Support Services Available from the BDIC

The BDIC provides a range of business services to support new and existing clients through Canada Business NWT, which offers access to the internet, computer workstations and other office equipment, a lending library, research services, and a regular series of video-conferencing sessions on topics of interest to entrepreneurs.

Canada Business NWT is housed by the BDIC and operated in partnership with Industry Canada. Its mission is to contribute to economic growth by ensuring that business people in every part of the NWT have access to accurate, timely and relevant business information through a convenient single window. It provides a wide range of information on small business programs, services and regulations to the public.

Publications and other information sources are available to northern communities through the Canada Business NWT website (www.cbsc.org/nwt). Canada Business NWT also arranges with other organizations, such as Community Futures Development Corporations, to set up access points in NWT communities. Access points consist of a computer with internet access and hard copies of documents from the Centre's library of business-related publications. There is at least one access point in each region of the NWT.

In 2007/2008, Canada Business NWT served over 375 clients and its website received over 31,000 internet visits.

CANADA BUSINESS NWT

Achievements in 2007/2008

In 2007/2008, the BDIC focused on three strategic directions:

- Increasing the use of BDIC programs across the NWT
- Enhancing clients' business skills capacity
- Continuous improvement of the effectiveness and efficiency of program delivery

Increasing the use of BDIC programs across the NWT

Objectives included supporting improved program delivery at the regional level and developing a guide for matching clients with the appropriate BDIC program(s) for use by delivery agents.

Results

- Revised Operational Guidelines for the Credit Facility program.
- Held two information sessions to obtain feedback and input on the BDIC's Operational Guidelines with delivery agents from across the NWT.
- Provided an eligibility screening tool and instructions to delivery agents for the BDIC's contribution program, the Business Development Project Fund (BDPF).
- Developed a tool for matching clients with the appropriate BDIC program(s).

Enhancing clients' business skills capacity

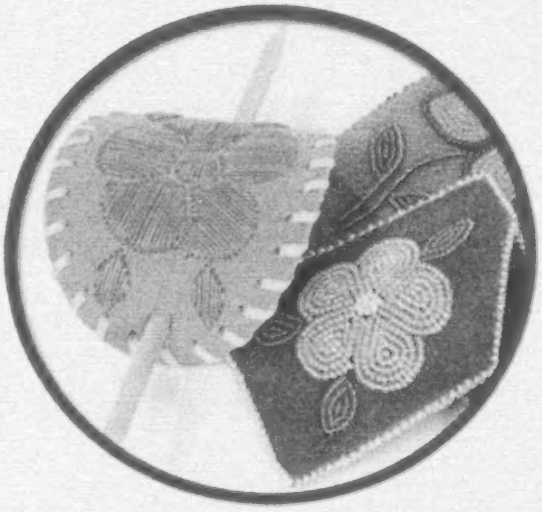
Objectives included providing aftercare services to clients and training in aftercare service provision to delivery agents.

Results

- Held over 70 video conferencing sessions
- Hosted over 100 video conference participants in Yellowknife. Video conferences were also broadcast in Fort Smith, Fort Simpson and Norman Wells.
- Received over 275 inquiries at Canada Business NWT (CBNWT). Most inquiries were about on-going business development, start-up, finance and regulatory issues.
- Developed an annual review template for implementation in 2008/2009, providing an opportunity for direct client contact.

Continuous improvement of the effectiveness and efficiency of program delivery

Objectives included establishing performance measures for Canada Business NWT, completing a compliance assessment of the venture investment, contribution and subsidiary programs, establishing partnerships for program delivery, implementing a computerized loan management system, developing guidelines for the venture investment, contribution and subsidiary programs (two-year objective) and reducing the BDIC's loan loss provision.



Results

- Compiled performance measures for Canada Business NWT.
- Conducted compliance assessments for the venture investment and contribution programs.
- Completed a subsidiary program compliance assessment for BDIC headquarter's activities.
- Established a Memorandum of Agreement on joint financing with the Business Development Bank of Canada.
- Selected and tested a computerized loan management system to be fully implemented in 2008/2009.
- Projected decrease in loan loss provisions (exact percentage to be determined after fiscal year end).

Critical Success Factors and Objectives for 2008/2009

It is critical to the BDIC's success that its programs meet clients' needs.

Objectives for 2008/2009:

- Modify the BDIC's contribution programs
- Develop and implement a web-based application form.

It is critical to the BDIC's success that stakeholders are aware of its programs

Objectives for 2008/2009:

- Create a more client-focused BDIC website
- Publicize the BDIC's programs at tradeshows and conferences
- Increase stakeholder awareness at the community level
- Co-host the 2008 Northern Economic Development Practitioners Conference

It is critical to the BDIC's success that its programs have a direct impact at the community level

Objectives for 2008/2009:

- Establish a new BDIC subsidiary

It is critical to the BDIC's success that its programs are managed effectively

Objectives for 2008/2009:

- Implement the loan management system for all regions
- Revise the subsidiary program guidelines
- Revise the contribution program guidelines to reflect program modifications
- Develop a risk management framework for the BDIC

Budget Summary

The BDIC's budget is divided into two separate sets of funds: the Contribution Fund and the Loan and Investment Fund.

The Contribution Fund receives funding from the annual GNWT contribution and through internal sources. Money in this fund is used for:

- Annual subsidy payments to BDIC subsidiaries.
- Capital investments in BDIC subsidiaries (either to establish new subsidiaries or for capital improvements required to maintain existing subsidiaries).
- Contributions to northern businesses for start-up or expansion projects.
- The BDIC's operating expenses, which include the costs associated with the delivery of all financial and business services programs and the provision of accounting, marketing, and operational support to the BDIC's subsidiary companies.

The Loan and Investment Fund is funded internally through repayments from clients or through borrowing from the GNWT. Money in this fund provides credit to and equity investment in northern businesses through the BDIC's Credit Facilities and Venture Investment programs.

The budget for each set of funds is presented separately to provide transparency, facilitate control and enhance accountability.

Contribution Fund

The Contribution Fund provides funding to four separate funds:

- *The Subsidy Fund* - The Subsidy Fund provides the approved subsidies and contributions to the subsidiaries and businesses.
- *The Capital Fund* - The Capital Fund provides start-up costs to new subsidiaries.
- *The Capital Reserve Fund* - The Capital Reserve Fund provides financial assistance for capital repairs to existing subsidiaries. The equivalent of 10% of the financial assistance provided within the Capital Fund will be allocated from the GNWT's contribution.
- *The General Operating Fund* - The General Operating Fund receives the contribution from the BDIC's sole shareholder, the GNWT, and the interest generated through the BDIC's participation in the GNWT's investment pool. Operating expenses incurred to provide the BDIC's business services programs and to support the BDIC's financial programs come out of this fund.

The BDIC forecasts a contribution of $3.499 million for operations in the 2008/2009 fiscal year from the GNWT. Of this amount, $790,000 will be allocated to the subsidiaries and business development contributions and the balance of $2.709 million will be allocated to the General

Operating Fund for operations. In addition, the BDIC forecasts interest income of $340,000 that will be allocated to the General Operating Fund for a total of $3.049 million. Support for the core services to subsidiaries provided by BDIC employees comes from the General Operating Fund.

Loan and Investment Fund

Under its Act, the BDIC is required to establish a Loan and Investment Fund. This Fund is a source of cash for two of BDIC's financial programs, credit facilities and venture investments. Each financial program has its own fund:

- The Venture Investment Fund provides equity investment assistance to new and existing venture clients. Payments received are used for investment purposes.
- The Loan Fund provides loan capital to existing and new loan clients. Payments received are used for lending purposes.

Disbursements for loans and venture investments are issued from, and repayments from clients are deposited into, the respective funds.

If there is insufficient money available for lending or investment purposes, the BDIC can borrow up to $150 million from the GNWT subject to the borrowing limit set by the Financial Management Board (FMB). The current limit is $45 million. At the end of March 2008, the outstanding borrowed balance stood at $29.4 million and the BDIC had repaid, net of borrowing, over $4.9 million to the GNWT during the year.

Interest charged by the GNWT on the outstanding balance is equivalent to the GNWT's long-term borrowing rate.

2008/2009 Budget

Exhibit 1 - Contribution Fund Budget Summary ($000)
2009 Fiscal Year

	General Operating Fund	Subsidiy Fund	Capital Fund	Capital Reserve Fund
Opening Balance	2,193	1,364	1,184	162
Sources of Cash	3,049	500	250	190
Use of Cash	2,709	1,114	400	250
Closing Balance	2,533	750	1,034	102

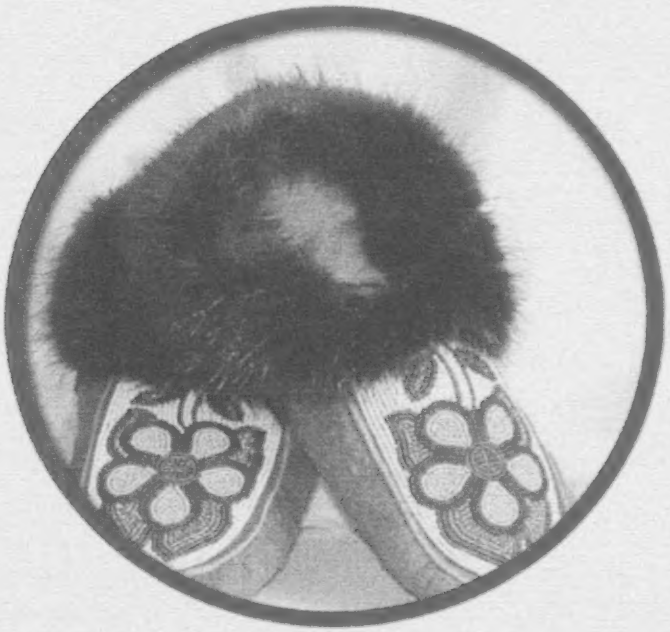


Exhibit 2 - General Operating Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	2,193	1,770	1,113
Sources of Cash:			
GNWT Contribution	2,709	3,003	3,028
Interest	340	320	393
Sub-Total	3,049	3,323	3,421
Uses of Cash:			
Operation Expenditures			
Advertising	55	75	67
Board expenses	95	125	75
Computers	66	66	65
Office	80	90	62
Purchased services	220	325	174
Telephone & communications	32	32	19
Travel	108	120	42
Salaries & benefits	2,053	2,100	1,837
Sub-Total	2,709	2,933	2,341
Closing Balance	2,533	2,160	2,193

Exhibit 3 - Subsidy Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	1,364	1,320	1,419
Sources of Cash:			
GNWT Contribution	500	500	500
Sub-Total	500	500	500
Uses of Cash:			
Contributions:			
Business Development Projects (1)	200	200	45
Entrepreneurial Programs (2)	-	25	-
Subsidiaries (3):			
5983 NWT Ltd.	229	250	-
Acho Dene Native Crafts Ltd.	125	125	100
Arctic Canada Trading Co. Ltd.	50	75	-
Dene Fur Clouds Ltd.	200	200	200
913044 NWT Ltd.	70	70	70
Nahanni Butte General Store Ltd.	125	125	125
Rae Lakes General Store Ltd.	15	15	15
New Subsidiary	100	-	-
Sub-Total	1,114	1,085	555
Closing Balance	750	735	1,364

Notes to the Subsidy Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of $25,000 per direct job for the project or in an amount greater than the prescribed maximum for a project or subsidiary with the approval of the FMB.

A direct job is one where the job is created wihin a subsidiary as a result of its economic activities. One job is equivalent to one person-year and each person-year will equal to 1,725 hours of work per year (positions can be aggregated to calculate this number). Payroll records are the primary source of information when calculating direct jobs. The following table shows the direct jobs created by each subsidiary in 2007/2008.

Subsidiary	Jobs Created
5983 NWT Ltd.	0
Acho Dene Native Crafts Ltd.	2.25
Arctic Canada Trading Co. Ltd.	0
Dene Fur Clouds Ltd.	3.25
913044 NWT Ltd.	6.25
Nahanni Butte General Store Ltd.	3.00
Rae Lakes General Store Ltd.	7.00

1. Business Development Projects are contributions used for feasibility assessments, project start-ups, research projects and occasionally short-term projects that create employment opportunities. Some approvals may require events or deliverables to occur before funds are released. Where fiscal years are traversed due to these requirements, the funding commitment follows to the new fiscal year.
2. No subsidy contribution is allocated for the Entrepreurial Program for the 2009 fiscal year.

3. Subsidies are approved up to a maximum and distribution is based on need. Unused approvals are decommitted, pooled and carried forward to the next year for the benefit of the Subsidy Fund.
4. Four of the subsidiaries, Acho Dene Native Crafts Ltd., Arctic Canada Trading Company Ltd., Dene Fur Clouds Ltd. and Nahanni Butte General Store Ltd., will draw a subsidy larger than the prescribed maximum.

Exhibit 4 - Capital Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	1,184	684	934
Sources of Cash:			
GNWT Contribution	250	250	250
Sub-Total	250	250	250
Uses of Cash:			
Subsidiaries (1):			
5983 NWT Ltd.	200	500	-
New Subsidiary	200	-	-
Sub-Total	400	500	0
Closing Balance	1,034	434	1,184

Notes to the Capital Fund:

The BDIC may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project an initial investment in an amount not exceeding the prescribed maximum of $100,000 per direct job or in an amount greater than the prescribed maximum for the project or subsidiary with the approval of the FMB.

1. Capital investments are approved up to a maximum and distributed based on need. Unused approvals are de-committed, pooled and carried forward to the next year in the Capital Fund.

Exhibit 5 - Capital Reserve Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	162	191	191
Sources of Cash:			
GNWT Contribution	40	25	-
Rae Lakes General Store Ltd. (1)	150	160	140
Sub-Total	190	185	140
Uses of Cash:			
Acho Dene Native Crafts Ltd.	-	30	29
913044 NWT Ltd.	-	25	-
Nahanni Butte General Store Ltd.	40	40	-
Rae Lakes General Store Ltd. (1)	210	210	140
Sub-Total	250	305	169
Closing Balance	102	71	162

Notes to the Capital Reserve Fund:

1. A short-term loan of $150,000 is budgeted to the Rae Lakes General Store Ltd. for the winter re-supply.

Exhibit 6 - Loans and Investment Fund Budget Summary ($000)
2009 Fiscal Year

	Venture Invetsment Fund	Loan Fund
Opening Balance	4,097	430
Sources of Cash	10	5,546
Use of Cash	300	5,500
Closing Balance	3,807	476

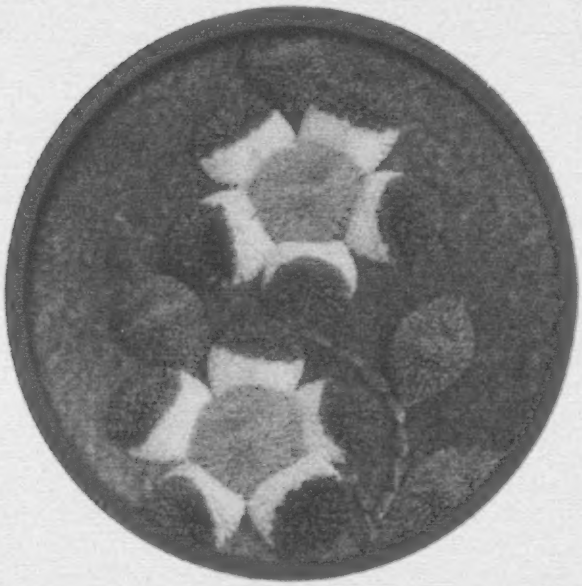


Exhibit 7 - Venture Investment Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	4,097	4,036	4,049
Sources of Cash:			
Dividends	10	30	24
Redemptions and other interest	-	1	24
Sub-Total	10	31	48
Uses of Cash:			
Venture Investments	300	2,500	-
Sub-Total	300	2,500	0
Closing Balance	3,807	1,567	4,097

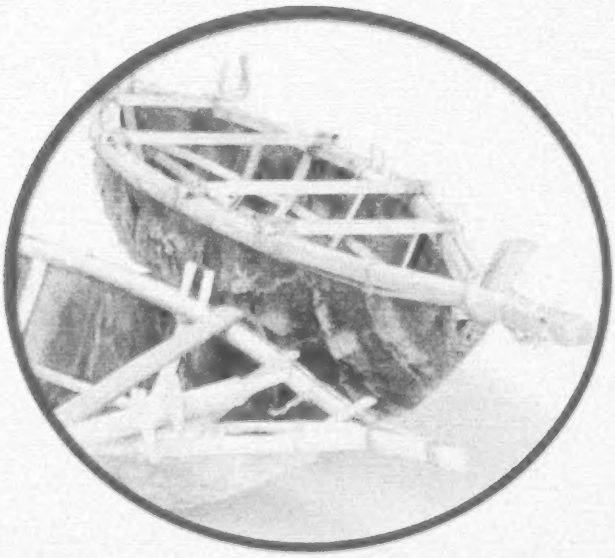


Exhibit 8 - Loan Fund Budget ($000)
2009 Fiscal Year

	Budgeted 2009	Budgeted 2008	Projected 2008
Opening Balance	430	735	1,084
Sources of Cash:			
Repayments received	5,100	7,800	8,765
Interest Income	46	40	64
Borrowed from the GNWT (net)	400	-	-
Sub-Total	5,546	7,840	8,829
Uses of Cash:			
Loans disbursed	5,500	6,700	4,560
Repayment to the GNWT (net)	-	1,200	4,923
Sub-Total	5,500	7,900	9,483
Closing Balance	476	675	430

Notes

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BDIC
#701, 5201-50th Avenue
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Phone: 867.920.6455
Fax: 867.765.0652

Website: www.bdic.ca
Email: bdicinfo@gov.nt.ca